

of the absence of a personal guarantee, the length of the plan, and the delayed start for payments. Representations of defendants would not give a personal guarantee, so no additional discussions occurred.

4. The Notice of Contest objects to imposition of liquidated damages. Yet the payment plan outlined in Exhibit 11 proposed to pay "...\$1,400.00 per month plus penalties until balance is paid."

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 7, 2008 at San Ramon, California.

MICHAEL J. CARROLI

CRS WINE SYSTEMS

A DIVISION OF CRS HVAC, INC

TEMPERATURE*CONTROLLED WINE SYSTEMS* HEATING*COOLING LIC #800219

II TERRACE DR CALISTOGA, CA 94515

February 25th, 2008

Michael Carroll ERSKINE & TULLEY 220 Montgomery St #303 San Francisco, Ca 94104

Dear Mr. Carroll,

CRS HVAC, INC can begin to repay October 2007, November 2007, December 2007, and January 2008 starting May 10 of 2008 @ a rate of \$1,400.00 per month plus penalties until balance is paid.

If at anytime it is possible (dependant on sales and receivables) for CRS HVAC, INC to pay the balance sooner will do so.

Once again, we apologize for the late payments, we are a small company and solely depend on sales and receivables and the economy has not been healthy for HVAC business.

February fringes for Alex only, will be sent March 20 in a timely manner.

This is what we can do at this time.

Respectfully,

Alex and Connie Schellenger (M)

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